

UNCLASSIFIED

PREPARED STATEMENT

**DIRECTOR, BUREAU OF OVERSEAS BUILDINGS OPERATIONS
CHARLES E. WILLIAMS**

For the

**House International Relations Subcommittee on
Africa, Global Human Rights and
International Operations**

May 12, 2005

UNCLASSIFIED

Introduction

Mr. Chairman and members of the subcommittee, I appreciate the opportunity to testify today in support of the Embassy Security, Construction, and Maintenance (ESCM) portion of the President's FY 2006 budget request for the Department of State. I wish to thank the members of the subcommittee for your past support of the State Department overseas buildings program.

Full funding of the FY 2006 request for the Department's ESCM account will give us the resources we need to continue providing secure, safe, and functional facilities for all United States Government (USG) employees and their families at posts abroad. Our embassies were once focused on traditional reporting and consular services to Americans living and traveling abroad. Today, our missions overseas serve as platforms for transformational diplomacy—a broad range of activities, carried out by multiple agencies, all aimed at helping to shape a more secure, free, and prosperous world.

The State Department has made much progress in its overseas buildings program over the past 4 years. I will give you a sampling of these accomplishments, which depended on Congressional funding and support. For each of our programs, I will provide an overview of our achievements, followed by a discussion of the President's FY 06 budget request and how it moves us one step further down the path of upgrading, replacing, or providing better management of virtually every property our civilian U.S. Government personnel work in and live in overseas.

Overseas Building Operations (OBO) still has a tremendous workload ahead of us in the coming decade, with aging and dysfunctional facilities – long-neglected in the 80s and 90s – and new, emerging security challenges. However, we are better positioned as a result of our reorganization 4 years ago and our growing successes each year since then. We have instituted a Disciplined Approach to Management and industry best practices, and today, we use long-range planning to drive the budget process, instead of the other way around.

Mission of Overseas Buildings Operations (OBO)

In addition to our embassy construction program, OBO is responsible for renovations; managing government-owned and leased offices and residences; security upgrades; maintenance and repair; real estate activities, including acquiring new embassy sites and disposal of former properties; and fire protection,

UNCLASSIFIED

life/safety, and other programs. OBO has responsibility for over 15,000 owned and leased properties at 265 posts worldwide, valued at over \$12 billion. Our overseas buildings program serves the Department of State and 30 other foreign affairs agencies under chief of mission authority.

Following the 1998 bombings of U.S. embassies in East Africa, and as highlighted by continuing terrorist acts around the world, one of the Department's most pressing needs is to provide secure facilities for U.S. Government employees overseas, efficiently, and at reasonable cost. The 1999 Crowe Report on the embassy bombings found that over 85 percent of all posts did not meet security standards. The 1999 Overseas Presence Advisory Panel Report stated that "shockingly shabby and antiquated building conditions" existed at some missions and confirmed the lack of security found by the Crowe Report. As Acting Under Secretary, Chris Burnham testified April 14, 2005 before this subcommittee, the Department has reduced this number. If the Department's Long-Range Overseas Buildings Plan is funded as proposed through FY 2006, approximately 44 percent of our embassies and consulates will meet or be under construction to meet security standards, leaving approximately 56 percent that will yet need to meet standards. We still have a tremendous amount of work ahead of us, and the FY 06 request gets us one step closer.

Since that time, Congress has appropriated significant funding annually to replace our unsecure and aging facilities, and OBO responded to meet the challenge. We have embarked on an overseas construction program on a scale unprecedented in our 77-year history.

The former Foreign Buildings Office (FBO) was re-aligned to become a stand-alone bureau, OBO, reporting to the Under Secretary for Management in 2001, and it underwent a major restructuring that year. I organized OBO into lines of responsibilities for the four major life-cycle phases of a facility – planning, design, construction and commissioning, and ongoing operations and maintenance – OBO has become a results-based organization, fully accountable at every level. In most cases, embassy construction time has been reduced from more than 4 years down to 2.

Best practices OBO has introduced include --

- Standard Embassy Designs
- Integrated Design Reviews
- Rigorous reconciliation of project scope and budget
- Long-Range Overseas Buildings Plan

UNCLASSIFIED

- Industry Advisory Panel
- Firm fixed-price, design-build contract delivery method for new embassy and consulate compound (NEC) projects
- OBO's Internal Review and Operations Research Unit
- New Disciplined Approach to Management

The Office of Management and Budget, through its Program Assessment Rating Tool (PART), recognized the Department's Capital Security Construction Program as one of the highest ranked in the Federal Government with a score of 97% and the Regular Capital Program with an 86%. The Government Accountability Office, in its recent reports on embassy construction, also gave our construction program high marks for OBO's reforms.

OBO currently has \$4.7 billion under management, compared with \$0.7 billion at the beginning of FY 2001. Previously in the 1990's, construction averaged less than one NEC per year. From 2001 to date, OBO has completed 15 capital construction projects – 11 NECs and 4 USAID annexes – and currently has another 39 projects under design or construction. In the past 4 years, nearly 8,800 USG employees have been, or will soon be, relocated to new secure, safe, and modern facilities.

In FY 2005, the Department intends to award contracts for eight NECs, two office annexes, and four USAID facilities. In addition, there are 76 NEC projects – 10 projects for FY 05, 10 for FY 06, and 56 others in outlying years – in the FY 2005-2010 Long-Range Overseas Buildings Plan. This Plan is our 6-year roadmap to replacing our most insecure facilities, as well as prioritizing other building and rehabilitation projects. OBO's multi-faceted real estate program has been engaged in selecting and acquiring sites to meet our long-range construction goals.

FY 06 Budget Request

The FY 06 request for Embassy, Security, Construction, and Maintenance is \$1.526 billion, an increase of \$22 million over the FY 05 appropriation. This request can be broken down as follows:

- \$810.2 million for capital security construction projects
- \$85 million for compound security
- \$15 million for soft targets
- \$615.8 million for ongoing operations and maintenance

UNCLASSIFIED

Of the \$810.2 million for capital security construction projects, \$393.6 million is for State's share of the Capital Security Cost Sharing (CSCS) Program (with the remaining \$416.6 million from regular appropriations). The FY 06 request will be used for the next round of urgent, security-driven projects. We are considering the following projects for FY06:

- **Beirut**, Lebanon
- **Brazzaville**, Republic of Congo
- **Djibouti**, Djibouti
- **Harare**, Zimbabwe
- **Karachi**, Pakistan
- **Kigali**, Rwanda
- **Kinshasa**, Democratic Republic of Congo
- **Lusaka**, Zambia
- **Oslo**, Norway
- **Sarajevo**, Bosnia-Herzegovina

The FY06 budget request included Asmara, Eritrea; Kiev, Ukraine; Maputo, Mozambique; and St. Petersburg, Russia as FY 06 projects; however, these projects will be delayed because site acquisition will not be completed in time for an FY 06 award. These projects were replaced with projects that can be executed in FY 06.

OBO also anticipates awarding contracts in FY 06 for NEC design in **Mexico City**, Mexico, and for construction of USAID facilities in **Abuja**, Nigeria; **Accra**, Ghana; **Managua**, Nicaragua, and **Tbilisi**, Georgia.

The request includes \$615.8 million for ongoing operations and maintenance. Major facilities upgrades and routine maintenance are also critical to extend building life, improve working conditions, and provide adequate housing for those carrying out our diplomatic mission.

Proper stewardship of the Department's existing inventory of over 15,000 properties requires a continuing investment in maintenance and repair to retain their value, to retard deterioration, to avoid more expensive emergency repairs, and to ensure their serviceability as a platform from which to conduct transformational diplomacy. There are a wide variety of activities carried out under operations and maintenance -- in determining priorities, OBO emphasizes security, fire and life-safety, and maintenance of the structural integrity of buildings. We --

UNCLASSIFIED

- Rehabilitate, upgrade, or replace building systems; this can range from constructing an annex, to installation of sprinkler systems, to seismic upgrades and accessibility projects to meet Americans with Disability Act requirements.
- Provide technical assistance and support to overseas posts in maintaining major building systems; this program collects data on facility conditions overseas, provides in-house and contract preventative maintenance, and trains and funds our overseas Facility Managers for posts.
- Provide fire protection services to overseas posts; we conduct fire inspections, provide and install fire alarm systems, and train and educate post personnel on fire prevention.
- Provide technical expertise to overseas managers for safety, health, and environmental issues; this program provides pesticide training, carbon monoxide detectors, and has been very successful in preventing toddler drownings.

Also included in Operations and Maintenance is our program to loan and donate American artwork to Embassy facilities, which contributes to our nation's public diplomacy efforts overseas.

The request also includes \$85 million to upgrade compound security at high-risk posts and \$15 million to increase protection for soft targets such as overseas schools, which I will discuss in more detail.

Cost Sharing

Congress included authority to implement the Capital Security Cost-Sharing (CSCS) Program in the FY 2005 Consolidated Appropriations Act. The Program will generate \$17.5 billion over 14 years (FY 05 through FY 18, phased in over 5 years beginning in FY 05). FY 05 was the first year that other agencies were required to contribute to the CSCS Program. FY 06 is the second year of the 5-year phase-in period. With \$810.2 million for capital security construction projects from State, and \$203.1 million in anticipated cost sharing contributions from other agencies, the Department will have \$1.013 billion to plan, design, and build NECs.

This program allocates the capital costs for new overseas diplomatic facilities to all U.S. government agencies based on the number of their authorized overseas positions. The CSCS Program has two primary objectives: (1) to encourage the Department and all other agencies to rightsize their overseas staff by requiring them to bear some of the costs for their office facilities; and (2) to generate the funds for the NEC construction program which will expedite the construction of

UNCLASSIFIED

new safe and secure work environments for all USG employees. CSCS charges are tied to total authorized position numbers, giving agencies a direct financial incentive to limit staffing. In doing so, it will further the President's Management Agenda initiative to rightsize the official American presence abroad.

The CSCS Program funds the **Security** Capital Construction Program, restricted by Congress to projects in a list of 80 of the most vulnerable posts. The **Regular** Capital Construction Program funds projects not driven by security (e.g., new capital city such as Berlin, Germany, or structural deficiencies such as Kolonia, Micronesia).

As enacted in FY 05, the cost-sharing program will provide funds to construct 150 new embassy and consulate compounds (NECs) from FY 05 to FY 18, cutting the time to 14 years, versus 26 years without cost-sharing. Since 10 NECs will be funded in FY 05, cost-sharing will fund the remaining 140 NECs over the next 13 years. In FY 06, the CSCS and ESCM appropriations request will fund nine NECs and four annexes, leaving approximately another 131 NECs to be funded.

In accordance with the conference report accompanying the FY 05 Consolidated Appropriations bill, the Department is implementing the Program in a manner that is "inclusive, cooperative, and transparent."

Security Management and Compound Security Programs

The FY 06 combined request for Security Management and Compound Security is \$120.8 million. These programs provide critical construction security and technical security to our overseas facilities and ongoing projects.

The **Security Management Program** ensures all non-residential construction projects result in secure facilities in a cost-effective manner, as mandated by the Omnibus Diplomatic Security and Anti-Terrorism Act of 1986 (P.L. 99-399) and Section 160 of P.L. 100-204. The Security Management Program develops contract language and certification documentation, and implements site security requirements to comply with public law and Overseas Security Policy Board (OSPB) standards.

The FY 06 request for the Security Management Program is \$20.8 million, a decrease of \$4.8 million. This decrease does not imply any retreat from emphasis or focus on the security programs mentioned; rather, the reduced requests represent the incorporation of security costs in project costs. OBO anticipates this will allow

UNCLASSIFIED

for more realistic budgeting, higher visibility of component costs, and better stewardship of these rapidly growing programs in future years.

Program funding incorporates appropriate security safeguards into all overseas diplomatic facility construction projects to protect against hostile terrorist acts and intelligence efforts. This budget request reflects five new positions and the transfer of all project related security costs, except salaries, starting in FY 2005, and beyond to the individual project budgets. The FY 06 request will support a workload that has grown from 43 capital projects in FY 2004 to 61 in FY 06 (a 42 % increase) and meet requirements of additional security services and significant capital project program increases.

The **Compound Security Program** provides security protection to our personnel and property at mission offices, residences, schools, and off-post recreational facilities, and it remains a vital component of OBO's goal to provide safe and secure facilities for all US Government employees and dependants and foreign national employees. The Compound Security Program complements the NEC program by maximizing security protection until NECs can come on line, or by updating security at posts that will not receive a NEC. This is a highly visible program with support from inside and outside the Department.

The program saves lives. These upgrades have reduced loss of life during attacks in Tashkent, Uzbekistan, Karachi, Pakistan, and Jeddah, Saudi Arabia and have deterred additional attacks by creating a hard target. The program has adapted to evolving threats by including residential security upgrades, and by protection to soft targets, including schools and recreational facilities. Following the Jeddah attack, the program added construction of "mantraps" at compound access facilities to ongoing and future security upgrades. Our program is proactive in addressing new threats. As new threats are identified and new countermeasures designed by the Bureau of Diplomatic Security (DS), OBO incorporates these into our designs.

The Compound Security Upgrade program and its predecessor, the Worldwide Security Upgrade (ESCM) program have received \$816 million in funding since the 1998 East Africa bombings through FY 05. Among other projects, we have implemented 125 major security upgrade projects to office facilities, including the construction of perimeter walls, vehicle barriers, compound access control facilities, and upgrades to building public access controls. We also installed shatter resistant window film at 242 posts, conducted 287 Forced Entry / Ballistic Resistant door and window replacement and maintenance projects, and funded

UNCLASSIFIED

1,011 post-managed minor upgrade projects (installation of jersey barriers and planters, fences, walls, and bollards).

From the \$816 million in Compound Security Upgrade funding, OBO has funded \$10.4 million in residential security upgrades from FY 03 to the present, including 91 upgrades to Chief of Mission Residences and other government-owned and long-term leased residential property. The FY 05 appropriation (ESCM) provided an additional \$11.8 million for residential security.

The FY 06 Compound Security Program request is \$100.0 million, a decrease of \$25.3 million from FY 2005. The FY 06 budget request will fund compound security upgrades, installation of forced-entry/ballistic-resistant doors and windows, environmental security protection, and setback properties should they become available. It also includes \$15 million for soft targets.

Soft Targets

Soft Targets – Overseas Schools: The Department identified overseas schools for security enhancements as its highest priority category of soft targets. The Bureaus of Administration, Diplomatic Security, and OBO are implementing this program in four phases:

Phase I provides basic security upgrades, which consist of Shatter Resistant Window Film (SRWF), Public Address Systems, and Emergency Radios, for “grant schools” (schools with which the Department had an existing relationship by providing educational grants; about 60% of the U.S. employee dependent students, as well as many other U.S. citizen students, attend these schools).

- Funding is complete.
- Grants for basic security upgrades were offered to all 189 eligible Department-grant schools.
- In FY 03/FY 04, security upgrade grants totaling \$10.5 million were provided to 181 of the 189 schools.
- The average cost per school is approximately \$58,000.

Phase II provides advanced security upgrades for DOS grant schools.

Advanced security upgrades include enhancing perimeter walls and fences, installing security equipment (bollards, CCTV systems, window grilles, etc.); each proposed project was evaluated by Diplomatic Security on a case-by-case basis.

UNCLASSIFIED

- The Department issued \$17.1 million in grants for over 500 upgrades at 160 schools.
- Phase II funding is largely completed, but will continue in FY 05 as additional requirements are identified.
- The average cost per school is approximately \$107,000.

Phase III is providing the same basic security upgrades as Phase I for non-grant schools, i.e., those schools that do not receive educational grants from the Department.

- A data-gathering cable was sent to all posts on July 9, 2004.
- Implementation of Phase III began with FY 05 funding.
- As of April 2005, 167 schools have requested Phase III funding of \$8.1 million.
- These requests will protect 1,372 USG dependents and a total of 14,434 US citizens.
- The Department is in the process of issuing grants to posts to cover the Phase III work.
- The average cost per school for Phase III is approximately \$49,000.

The President's Budget for FY 06 included a request of \$15 million for soft targets.

Phase IV of the overseas schools program will provide the same advanced security upgrades as Phase II for non-grant schools. The Department will introduce Phase IV when Phase III funding is largely complete.

- The Department will soon prepare Phase IV guidance to be sent out by cable to all posts.
- FY 06 funds will be used to begin or continue Phase IV.

Soft Targets – Employee Association Facilities: In FY 04, the Department initiated and basically concluded security upgrades at 23 off-compound employee association facilities, managed by post-sponsored recreation associations. The Department identified 34 off-compound facilities currently in operation, and working through Administration Bureau, contracted the facilities' managers and Regional Security Officers (RSO) at posts to learn what security enhancements would be appropriate. Of the 24 associations requesting security enhancements, 23 of these projects were approved, at a total cost of \$1.0 million. This amount was less than the Department had anticipated, but careful additional inquiries confirmed that no further expenditures were appropriate, and that the posts that did not request enhancements had valid reasons.

UNCLASSIFIED

Security upgrades include shatter resistant window film (SRWF), emergency radio communications systems, public address systems, enhanced perimeter walls and fences, security equipment (hardened doors, anti-ram barriers, enhanced lighting, CCTV systems, guard booths, etc.). This program is essentially completed.

For many of our new embassy compound projects, recreation facilities are being built within the compound.

Consular Workspace Improvement Initiative

In FY03, Congress directed OBO to undertake a 3-year Consular Workspace Improvement Initiative to ensure that the visa approval and issuance process takes place in an organized and efficient manner, and to improve the overall working environment for Consular Affairs (CA) officers. During FY03-04, OBO and CA identified 83 workspace improvement projects at 68 posts, and provided \$10.2M for their execution.

The prioritization process for consular affairs projects emphasizes post input, and no funds are released until CA clears on the final list. Projects ranged from constructing a private interview room for a post's fraud prevention unit (Embassy Managua) to the complete repositioning of all three consular subsections at a major embassy (London). The most expensive project cost \$1.5 million; the average cost was \$180,000.

This initiative is continuing in FY 05 – a mid-year review of consular improvement projects worldwide shows that virtually all of the \$20 million in OBO and CA funded projects will be underway or completed this fiscal year as planned.

The Baghdad NEC

Another vital construction project for the Department is the Baghdad NEC. This unique campus, to be built on an approximately 104-acre site, contains all mission elements inside a secure perimeter, and plans include the Chancery and Public Annex, Interim Office Facility, housing, recreational facility, infrastructure, and support facilities. The planned NEC is not luxurious—the compound will provide a level of life support roughly equivalent with diplomatic facilities at other hardship posts. I would like to thank the Committee and other members of Congress who supported funding for the Baghdad NEC in the FY 05 Supplemental. The interim embassy in Baghdad was never intended to be used as a diplomatic facility, and does not meet all security standards in the current

UNCLASSIFIED

environment. The interim facilities have been attacked. Obtaining funding and beginning the construction process now for a permanent NEC will ensure that all USG staff are working in a safe, secure environment as soon as possible.

Conclusion

Thank you for allowing me to explain some of the key programs and projects to be funded under the ESCM account in the President's FY 2006 budget request.

All of us in OBO are committed to the stewardship of our nation's overseas facilities, and to the safety, security, and success of those who represent our country abroad. We know that our front line customers are our people abroad, but we also have stakeholders in every corner -- other U.S. Government agencies, the United States Congress, the construction industry and related businesses, and the American taxpayers. I would like to thank the Committee again for your past and current strong support of our overseas buildings program. I welcome the opportunity to answer your questions.